



---

**SF 2325** – Department of Transportation (DOT) Omnibus Policy Bill (LSB 5308SV)  
Analyst: Adam Broich (Phone: (515) 281-8223) ([adam.broich@legis.iowa.gov](mailto:adam.broich@legis.iowa.gov))  
Fiscal Note Version – New

---

**Description**

**Senate File 2325** updates several Iowa Code chapters to comply with federal law, reorganizes Iowa Code chapters **307** and **307A**, and makes several other provisions. Changes include the following:

**Division One** adopts the following provisions:

- This Bill prohibits the establishment, operation or maintenance of a junkyard within 1,000 feet of the nearest edge of any road on the national highway system. This Bill exempts existing junkyards and allows exceptions. This change adopts requirements from Moving Ahead for Progress in the 21st Century Act (MAP-21) for establishing **control of junkyards**.
- Redefines “primary highways” to include all highways on the national highway system and all highways on the federal aid primary system as it existed in June 1, 1991. The change will expand the DOT authority to regulate outdoor advertising along interstates and primary highways. This change adopts requirements of MAP-21 for establishing **control of outdoor advertising**.

**Division Two** reorganizes duties of the DOT (Iowa Code chapter **307**) and State Transportation Commission (Iowa Code chapter **307A**). Duties performed by the Commission are moved to Iowa Code chapter 307A, and the DOT duties are moved to Iowa Code chapter 307. Corresponding references are updated.

**Division Three** adopts several of the following amendments:

- Allows the discharge of a security interest noted on an Iowa vehicle title in statewide computers upon the presentation of a valid certificate of title without the security interest from another jurisdiction.
- Exempts farmers and farm employees from commercial driver’s licenses requirements covered vehicles. This Bill adopts the definition of farm vehicles as defined in MAP-21.
- Describes new colored lights used as official traffic control signals.
- Extends the number of days from 10 to 30 to return a certificate of title and claim a refund of the registration fee for aircraft.
- Eliminates the requirement for a quarterly Road Use Tax Fund efficiency report.

**Division Four** adopts the following amendments:

- Establishes a two-year special dealer plate for vehicles, owned by the dealer and continuously for sale, that haul a load or tow a trailer. The fee for this plate is \$750.
- Amends disclosure requirements for vehicles sold by motor vehicle dealers to convey if a vehicle has had repairs, replaced parts, or adjustments exceeding 4.0% of the manufacturer’s suggested retail price (MSRP). The MSRP replaces a previous method for determining the car’s value.

- Exempts the purchase of vehicles loaned to customers by dealerships from the fee for new registration. These vehicles are often loaned when the customer's car is being serviced or repaired.
- Allows licensed motor vehicle dealers to sell used motor trucks with a gross vehicle weight exceeding 26,001 pounds on a consignment basis. The vehicle must be purchased by a corporation or business entity.

### **Background**

The MAP-21 Act expanded the definition of the National Highway System to include new routes. Currently, these routes and advertising along these routes are not under the jurisdiction of the DOT. Similarly, MAP-21 requires states to be responsible for junkyard control along segments recently added to the primary highway system.

### **Assumptions**

Continued noncompliance with MAP-21 will reduce federal funding for highways. The DOT stated that current law may result in a 10.0% reduction in federal funding for failure to control advertising, and a reduction of 7.0% for failure to control junkyards. Current estimates assume unchanged spending from Federal Fiscal Year (FFY) 2014 to FFY 2015.

The DOT states that expanding the definition of the primary highway system will require 250 additional signs to apply for permits. The DOT anticipates hiring an additional temporary employee (Transportation Aide) to inventory junkyards on added miles. The impact of allowing an additional 20 days to claim a registration refund for aircraft is unknown, but anticipated to be minimal.

Division Four creates new special dealer license plates, and exempts vehicles loaned to customers by dealerships from the fee for new registration. Potential utilization of the new special dealer license plates is unknown. This is a new plate, and there is no data that predicts demand for the plate. Similarly, the number of vehicles purchased by dealerships to be loaned to customers is unknown.

### **Fiscal Impact**

[SF 2325](#) will maintain current federal funding levels. Without this legislation, the DOT estimates that noncompliance with the control of advertising requirement will reduce federal revenue by an estimated \$46.9 million in FFY 2015. Noncompliance with the control of junkyard provisions will reduce federal funding by an estimated \$32.8 million in FFY 2015.

Establishing control of outdoor advertising will require the approval of approximately 250 sign permits by DOT for each year. Sign owners will be required to pay a \$100 application fee and an annual permit renewal fee of \$15. This will increase revenue to the Highway Beautification Fund by \$25,000 in FY 2015 and \$3,750 each year after. The DOT intends to hire a temporary employee that will work approximately 26 weeks, and cost \$12,400 each fiscal year.

The creation of a new dealer plate will increase revenue to the Road Use Tax Fund by an unknown amount. Exempting vehicles purchased by dealerships to be loaned to customers will reduce revenue to the Road Use Tax Fund by an unknown amount.

### **Sources**

Iowa DOT  
LSA Calculations

/s/ Holly M. Lyons

---

March 13, 2014

---

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

---